

Message Text

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21

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FM AMEMBASSY PORT MORESBY

TO SECSTATE WASHDC 986

INFO AMEMBASSY CANBERRA

CINCPAC

C O N F I D E N T I A L PORT MORESBY 1102

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PGOV, PP

SUBJECT: BOUGAINVILLE SITUATION

1. DON VERNON, MANAGING DIRECTOR OF BOUGAINVILLE COPPER LTD. (BCL) CALLED ON ME WITH TWO OF HIS ASSOCIATES TO DISCUSS SECESSIONIST ACTIVITIES ON BOUGAINVILLE. IN VIEW OF BCL'S CURRENT ATTEMPTS TO OBTAIN EXIM OR OTHER U.S. FINANCING FOR EUCLID TRUCKS HE WANTED TO BE SURE WE WERE KEPT CURRENT ON DEVELOPMENTS. PICTURE AS BCL SEES IT IS AS FOLLOWS:

2. THE DESIRE FOR INDEPENDENCE IN BOUGAINVILLE IS VERY STRONG. EARLIER THE SECESSIONISTS MAY HAVE ADVOCATED SECESSION IN ORDER TO BRING PRESSURE ON THE CENTRAL GOVT FOR INCREASED FINANCIAL SUPPORT, BUT NOW THEY ADVOCATE SECESSION BECAUSE THEY WANT IT. MANY OF THE PEOPLE ADVOCATING INDEPENDENCE, HOWEVER, DON'T HAVE A VERY CLEAR IDEA OF WHAT IT MEANS.

3. THE SECESSIONISTS ARE VERY WELL FINANCED, AND NO ONE KNOWS WHERE THEIR FUNDS ARE COMING FROM. THEY HAVE RETAINED A SYDNEY LAW FIRM TO REPRESENT THEM.

4. THE SECESSIONISTS HAVE ASKED BCL TO PAY ITS TAXES TO BOUGAINVILLE, NOT TO THE CENTRAL GOVERNMENT. BCL WILL NOT DO CONFIDENTIAL

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THIS, AND WHEN ITS REFUSAL BECOMES CLEAR TO THE SECESSIONISTS,

THERE MAY BE SERIOUS REPERCUSSIONS.

5. BCL IS PAINFULLY AWARE OF ITS VULNERABILITY. THE MINE WOULD BE HURT IF THE ONE THOUSAND BOUGAINVILLIANS ON ITS PAYROLL STRUCK, BUT IT COULD CONTINUE OPERATIONS AT A REDUCED LEVEL. IT COULD ALSO BE HURT BY SABOTAGE.

6. BCL VISITORS THINK DR. ALEXIS SAREI IS A WEAK CHARACTER WHO, MORE THAN ANYTHING ELSE, WANTS OUT OF THE PRESENT MESS. THEY THINK HE WANTS TO GET OUT OF POLITICS BUT FEELS A CERTAIN RESPONSIBILITY TO THE BOUGAINVILLE PEOPLE AS HE WAS ONE OF THOSE LEADING THEM INTO THE PRESENT SITUATION. SAREI APPLIED FOR A JOB WITH BCL, BUT BCL WILL NOT THINK ABOUT HIRING HIM UNTIL HE IS COMPLETELY OUT OF POLITICS.

7. FATHER MOMIS HAS NOT YET RETURNED TO BOUGAINVILLE SINCE HE LEFT TO GO TO THE UN IN AUGUST TO PRESENT THE SECESSIONIST CASE. BCL REPS THINK MOMIS STAYED IN THE U.S. FOR A WHILE AND THEN WENT ON TO THE UK BEFORE GOING TO THE SOLOMON ISLANDS. THERE ARE TWO THEORIES ABOUT HIM: (1) HE WAS DIS-APPOINTED THAT HE ACCOMPLISHED NOTHING AT THE UN, FEELS TOO SHAMED TO RETURN TO HIS PEOPLE, AND IS IN A RETREAT IN THE SOLOMON ISLANDS PRAYING FOR GUIDANCE, AND (2) HE WAS TRYING TO GET MONEY AND SUPPORT FOR THE SECESSIONIST CAUSE IN THE UK AND U.S. AND IS NOW TRYING TO OBTAIN THE SUPPORT OF THE SOLOMON ISLANDS FOR THE SECESSIONIST CAUSE BY WORKING THROUGH THE MARIST ORDER WHICH IS VERY STRONG THERE AND WHICH HAS CLOSE RELATIONS WITH THE MARIST ORDER IN BOUGAINVILLE. THE BCL VISITORS SAID HANNETT HAD BEEN VERY COCKY AND SELF-CONFIDENT RECENTLY, AND THEY SPECULATED THAT MOMIS MAY HAVE WON THE SUPPORT OF SOLOMON ISLANDS CHIEF MINISTER MAMALONI. (COMMENT: TODAY'S RADIO REPORT THAT THE MEETING BETWEEN PRIMIN SOMARE AND THE SECESSIONIST LEADERS WILL BE HELD IN HONIARA TAKES ON NEW SIGNIFICANCE IF THE BCL SPECULATIONS ARE CORRECT.)

8. ON THE FINANCIAL SIDE VERNON EXPRESSED HIS DISAPPOINTMENT THAT EXIM BANK CONTINUED TO INSIST ON AN OFFSHORE GUARANTEE FOR THE EUCLID TRUCKS. BCL IS NOT WILLING TO SEEK SUCH A GUARANTEE, AND IS NOW TALKING TO THE BANK OF AMERICA ABOUT THE LOAN.

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9. COMMENT: BCL'S CRYSTAL BALL DOES NOT APPEAR TO BE MUCH CLEARER THAN ANY OF THE OTHERS AROUND MORESBY. BCL IS WATCHING THE SITUATION VERY CAREFULLY, AND TAKING EACH DAY AS IT COMES. THE BCL REPS WERE NOT INCLINED TO SPECULATE ABOUT THE FUTURE.

10. IF THE DEPARTMENT OR CANBERRA IS RECEIVING INTELLIGENCE REPORTS ABOUT THE POSSIBLY EXTERNAL SOURCE OF THE FINANCING

FOR THE SECESSIONISTS, WE WOULD BE VERY INTERESTED IN THE
INFORMATION.
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